# BUDGET SUMMARY

1961-63

STATE OF MISSOURI

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## STATE OF MISSOURI

The executive budget, submitted by the Governor to the General Assembly at the beginning of each session of the Legislature, outlines the financial needs of the State for the coming two year period. The budget document presents in detail the needs of each agency of state government and is -- of necessity -- a lengthy and complex publication. While the members of the Legislature require this detailed breakdown on the financial needs of the State in order to intelligently appraise each situation, there has been the need for a simplified explanation of the State's budget -- a booklet that would provide a general account in terms easily understood by those who have little or no knowledge of government budgeting. This booklet marks the first effort we have made toward presentation of a summary of the budget, and I feel certain that it will serve as an excellent vehicle for broadening public knowledge of the financial needs of Missouri government.

John M. Dalton

GOVERNOR

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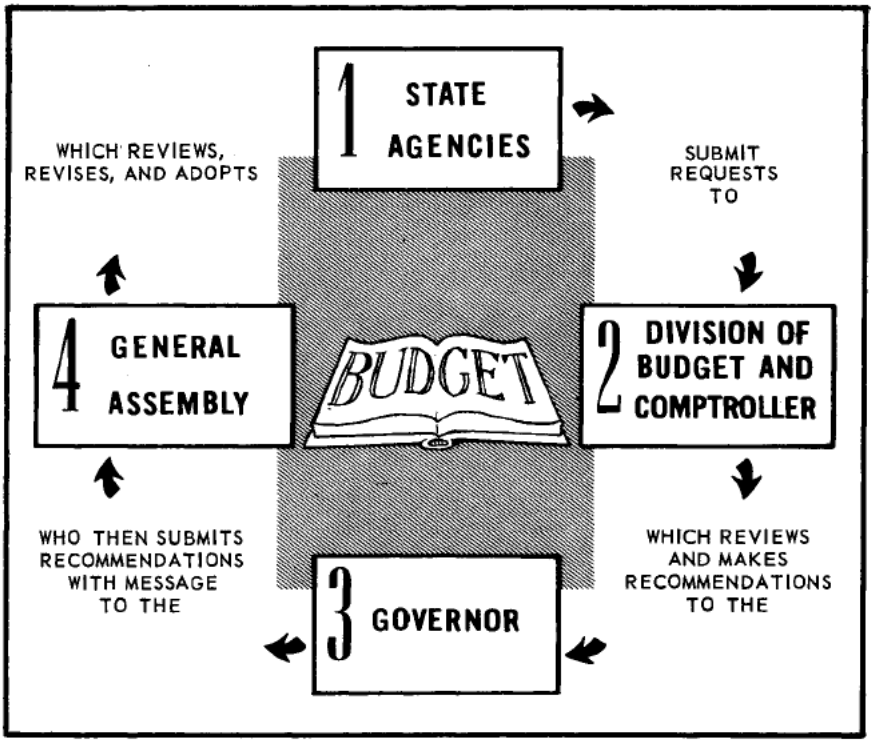
# THE STATE BUDGET

The Missouri Constitution specifies that the Governor is responsible for preparation of the state budget. The budget -- containing two-year estimates of state income and a plan for providing money to satisfy the needs of the various state agencies -- is presented to the Legislature by the Governor at the beginning of each biennial session of the General Assembly.

A professional budget staff in the State Division of Budget and Comptroller carries out the detailed work in preparation of the budget. The Governor, assisted by this staff, works in close cooperation with the agencies of government to formulate a budget that will provide sufficient money to finance needed state services while conforming to fundamental principles of economy and efficiency.

The Governor's budget recommendations are then submitted to the General Assembly within thirty days after the beginning of the session. Appropriation committees in the Senate and House of Representatives hold hearings and recommend action on budget proposals to their respective houses, and a conference committee irons out the difference between the two bodies in order to pave the way for final adoption of the budget bills.

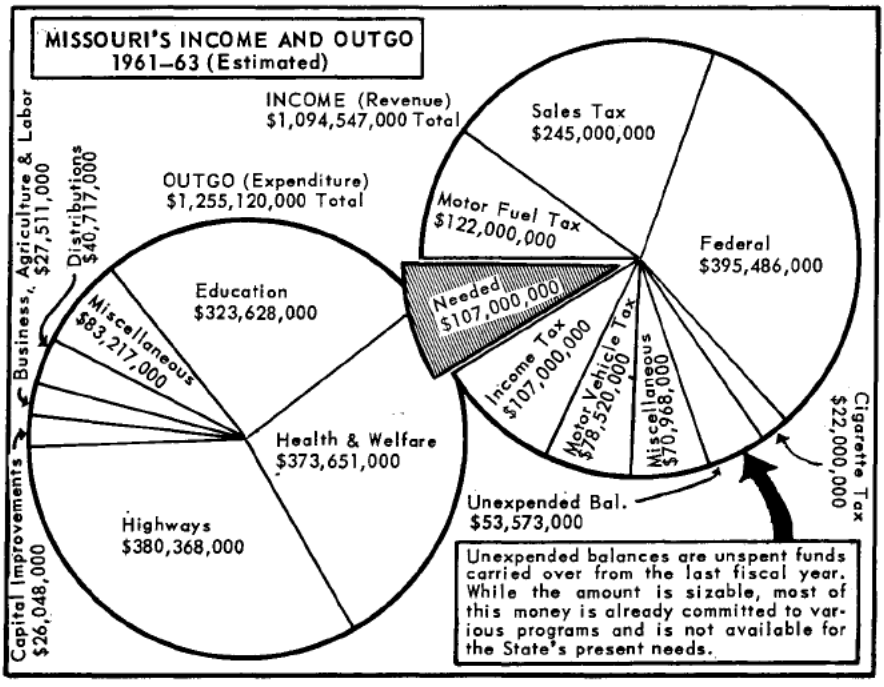

1 STATE AGENCIES
SUBMIT REQUESTS TO
2 DIVISION OF BUDGET AND COMPTROLLER
WHICH REVIEWS AND MAKES RECOMMENDATIONS TO THE
3 GOVERNOR
WHO THEN SUBMITS RECOMMENDATIONS WITH MESSAGE TO THE
4 GENERAL ASSEMBLY
WHICH REVIEWS, REVISES, AND ADOPTS
BUDGET

# MISSOURI'S FINANCIAL PICTURE

The cost of government services in the years since World War II has risen steadily. A number of factors have been responsible for the increased cost of government, among them inflation, expanding population and the desire on the part of our citizens for more and improved services. While the State has also had large increases in its tax and other receipts – brought about by more people earning more money in a period of industrial expansion – those receipts have not increased to the extent costs have risen.

Missouri has managed to keep state taxes at a low level in comparison with other states, but the legislature has been hard pressed to find new sources of revenue to keep pace with the mounting costs. The state's total estimated receipts for the 1959-61 biennium amounted to some $ 1,028,591,000 against expenditures of $ 1,098,576,000. Estimates for the 1961-63 biennium place the receipts at $ 1,148,120,000 compared with total budget requests for the period of $ 1,255,120,000 or some $107,000,000 more than the State will take in.

These budget requests, approved by the Governor, accurately reflect Missouri's financial needs if the present levels of service are to be maintained and the State is to move forward. The budget requests also reflect the pressing need for new revenue sources, a problem that will inevitably face the 71st session of the General Assembly.



# PRESSURES ON THE BUDGET

The State Budget is under pressure in practically every area of expenditure because of increasing costs, but the most notable pressures are being exerted by Missouri's large programs in such fields as education, welfare, highways and mental diseases. One of the most significant factors affecting these programs has been population growth and, more specifically, the exact nature of the State's population growth.

Missouri has an unusually large percentage of persons 65 and over, and this group -- along with those in the lower age brackets -- has increased in the past 10 years at a much faster rate than the State's over-all population. The Bureau of Census estimates that this pattern will continue for the next decade. While an eight per cent increase is predicted for the over-all population, gains of 12 per cent are forecast for the aged and 10 per cent for those under 18.

These age groups -- the young and the old -- require large expenditures for health, welfare and education, but provide the State with a relatively small share of tax revenue.

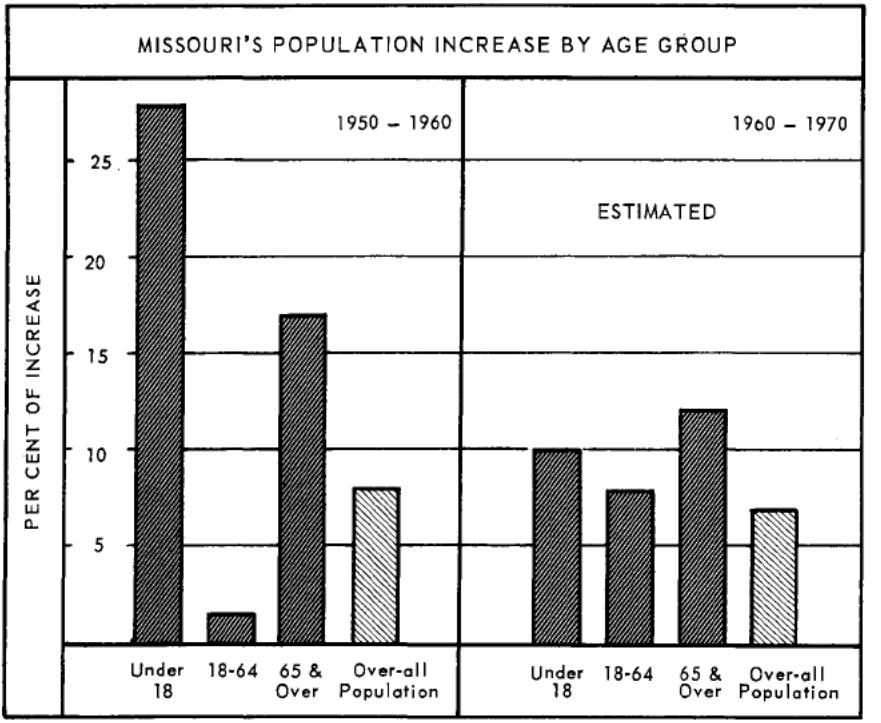
Significant gains in registration at public colleges and universities -- where some 26,000 students were enrolled in 1959 -- will bring the enrollment figure to 60,000 by 1970. A greater percentage of high school graduates will attend college in the years to come, and more of them will attend public rather than private schools.

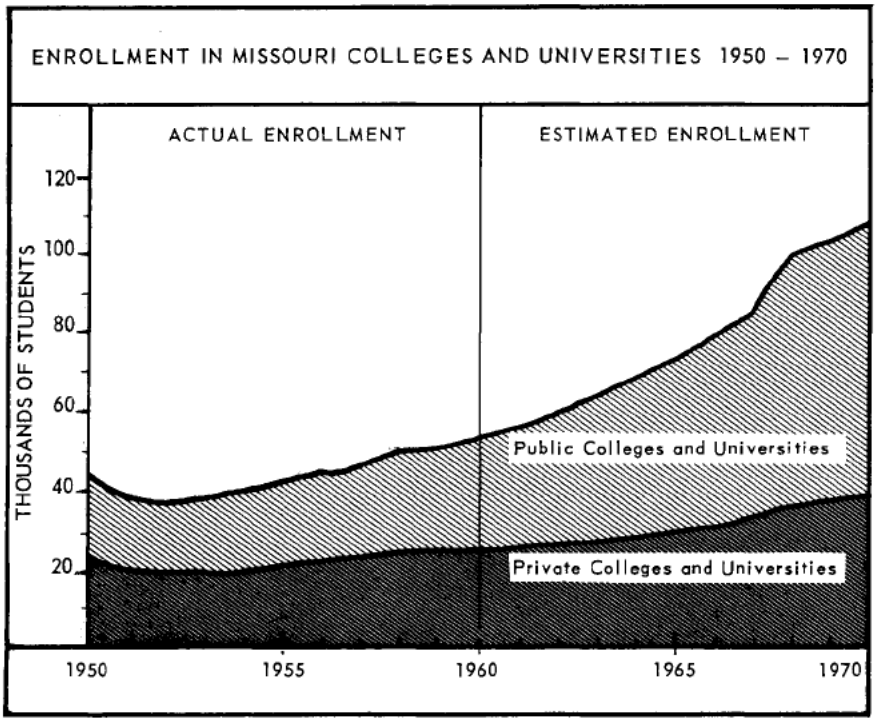
Increased populations will also exert pressure on the State's other institutions. The increasing proportion of aged persons will tax the hospitals, particularly the mental institutions that are already under-staffed and over-crowded.

Meanwhile, population growth has also meant an ever-increasing number of automobiles on the State's roads with the resulting need for new and improved highways. The number of motor vehicles in Missouri rose from 965,000 in 1946 to almost a million and three-quarters in 1959. More than two million cars and trucks are expected to be using the State's highways by 1970.

More modern methods in such fields as corrections and public health will require substantially expanded facilities. The introduction of new techniques in many areas of state government activity, coupled with population trends, general cost increases and a number of other factors that will undoubtedly result in larger expenditures for the various services, leaves little doubt that Missouri will be faced with new budgetary pressures in the years to come.

The manner in which we meet these pressures will determine -- to a large extent -- the state's future progress.


MISSOURI'S POPULATION INCREASE BY AGE GROUP
PER CENT OF INCREASE
25
20
15
10
5
1950 – 1960
1960 – 1970
ESTIMATED
Under 18
18-64
65 & Over
Over-all Population
Under 18
18-64
65 & Over
Over-all Population


ENROLLMENT IN MISSOURI COLLEGES AND UNIVERSITIES 1950 – 1970
ACTUAL ENROLLMENT
ESTIMATED ENROLLMENT
THOUSANDS OF STUDENTS
120
100
80
60
40
20
Public Colleges and Universities
Private Colleges and Universities
1950
1955
1960
1965
1970

# PRINCIPAL STATE FUNCTIONS

There are 13 principal state functions. Those functions are explained in this section and the appropriation requested for each in the 1961-63 biennium is listed in comparison with the appropriation for the last biennium, 1959-61.

## Education

The appropriation request for Education is $323,608,000 for the 1961-63 biennium, compared with some $232,548,000 for 1959-61. The increase is the result of expanding needs in the two major areas of Missouri's educational program, public schools and higher education.

PUBLIC SCHOOLS - The State Department of Education, through guidance and regulation, provides leadership in improving the administration and instruction in Missouri's public schools. Financial assistance to local school districts accounts for the lion's share of state expenditures for public schools and the School Foundation Program is -- by far -- the largest of these programs, taking some 69 per cent of the public school appropriation.

The Foundation Program provides operating funds to local school districts based principally on an average daily attendance figure and property assessment values. Since the Legislature increased the level of financing in 1959, some $68 million in additional funds is being requested to further finance the School Foundation Program for the coming biennium.

The increase in funds needed to finance the School Foundation Program -- coupled with higher enrollments -- has resulted in an appropriation request for public schools of $257,763,000 for 1961-63 compared with an appropriation of approximately $177,450,000 for 1959-61.

HIGHER EDUCATION - The State operates the University of Missouri, five State Colleges and Lincoln University. These institutions were run on a $55 million appropriation for the 1959-61 biennium. However, enrollments have expanded rapidly at all of the institutions and current estimates place the amount of increase in the next two years at 9.3 per cent, per year. This increase will accompany greater expenditures for salaries and operating expenses, and has resulted in an appropriation request of $65,846,000 for 1961-63.

29.8¢ OF EACH STATE DOLLAR FOR....

# Health & Welfare

The request for Public Health and Welfare is $373,651,000 for the 1961-63 biennium, compared with $361,835,000 appropriated for 1959-61. The increases are reflected in requests for funds to initiate new programs and to more effectively carry out existing programs in the Department's three divisions -- Health, Welfare, and Mental Diseases.

DIVISION OF MENTAL DISEASES - The five state hospitals for care and treatment of the mentally ill and two schools and hospitals for the mentally retarded are administered by the Division of Mental Diseases. Now completing work on organization of its central office, the Division plans to inaugurate a long-range program designed to improve existing facilities, establish community mental health centers, and provide additional trained personnel. A request of $52,039,000 has been made for this purpose compared with some $47,000,000 appropriated for the 1959-61 biennium.

DIVISION OF WELFARE - The Division of Welfare administers state plans and laws that provide pensions and other assistance to the aged, disabled, blind, and to dependent children and destitute unemployables.

Legislation passed by the 70th General Assembly gave administration of two new programs to the Division -- one providing hospital care to welfare recipients and the other providing payments up to $100 a month for care of the completely bedfast and totally disabled. The normal expansion of these and other programs has resulted in an appropriation request of $298,963,000 for 1961-63 against an appropriation of $293,150,000 for 1959-61.

DIVISION OF HEALTH - The Division of Health operates the State Cancer Hospital and Tuberculosis Sanatorium and provides a wide range of Services that include public health education, local health centers for detection and treatment of various diseases, and inspection of restaurants, motels, nursing homes and other facilities to insure that state health laws are obeyed. Financial assistance to local health units is administered through the Division, which also handles the vital statistics program.

The Division of Health has requested some $22,649,000 for 1961-63 compared with its $21,500,000 appropriation for 1959-61.

Increases are the result of expanded operating costs and personnel needs, required to allow the Division to more nearly fulfill its public health responsibilities.

## 30.3¢ OF EACH STATE DOLLAR FOR.... Highways

An appropriation for Highways of $380,368,000 has been requested for the 1961-63 biennium compared with an estimated appropriation of $404,268,000 for 1959-61.

The State Highway Commission -- charged with construction of new roads and maintenance on more than 28,000 miles of Missouri's major system and supplementary routes -- is currently engaged in a 10-year highway modernization and expansion program authorized by the General Assembly in 1952. This state program, coupled with highway construction resulting from the Federal Aid Highway Act of 1956 that created the Interstate system and made large amounts of additional federal money available to the states, is rapidly expanding Missouri's network of highways.

Financial and administrative independence is provided the State Highway Commission by the Missouri Constitution. Commission funds, derived mainly from the gasoline tax and motor vehicle registration fees, is deposited in the State Highway Department Fund, where they remain until expenses for the Highway Patrol, revenue collections, and other appropriated items are deducted. The balance of the money is transferred to the State Road Fund and can be expended by the Commission without appropriation.

## 1.2¢ OF EACH STATE DOLLAR FOR.... Safety & Defense

The agencies charged with public safety and defense include the Adjutant General and military forces, Civil Defense, Highway Patrol and Liquor Control. Their appropriation request totals $15,457,000 for 1961-63 against an appropriation of some $14,694,000 for 1959-61.

Army and Air National Guard units in Missouri are under the command of the Adjutant General, who is also responsible for construction and maintenance of armories around the State. The Missouri Civil Defense Agency handles state-wide disaster planning and the Highway Patrol enforces the highway traffic laws.

The Department of Liquor Control regulates the sale and manufacture of intoxicating liquors through licensing and inspection.

OF EACH STATE DOLLAR FOR....

## Corrections

A request of $15,064,000 for the 1961-63 biennium has been made for the corrections program compared with a $14 million appropriation for 1959-61.

CORRECTIONS DEPARTMENT - The Department of Corrections is charged with the general supervision, management and control of all intermediate and adult penal and correctional institutions, including the penitentiaries for men and women, the intermediate reformatory, prison industries and farms, and the new Medium Security Prison, now under construction.

The Department request -- not including the independently administered Board of Training Schools and Division of Probation and Parole -- amounts to $11,350,000 compared with an appropriation of $10,726,000 for 1959-61.

TRAINING SCHOOLS - Administration of the Training School for Boys and Training School for Girls is the responsibility of the Board of Training Schools. These schools have an educational rather than penal emphasis, with age limits for boys set at 12 to 16 years and 12 to 20 years for girls. An appropriation request of $2,849,000 for 1961-63 has been submitted for the Board compared with $2,245,000 for 1959-61.

PROBATION AND PAROLE - The Board of Probation and Parole conducts investigations and hearings on inmates confined in institutions under the administration of the Corrections Department. Paroles can be granted by the Board, which also has authority to revoke or discharge persons from parole. The 1962-63 request for Probation and Parole is $865,000 against $688,000 for 1959-61.

OF EACH STATE DOLLAR FOR....

## General Goverment

The 1961-63 request for general government is $14,619,000 compared with an appropriation of $13,402,000 for the 1959-61 biennium. This appropriation covers the state's elective officials, legislature and judiciary.

The Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer and Attorney General make up the group of elective officials. Included in the judicial appropriation is the Supreme Court, Court of Appeals at St. Louis, Kansas City and Springfield, and circuit and magistrate judges.

All salaries and expenses of the General Assembly and interim committees are provided for in the general government allocation.

## Fiscal & Service

The appropriation request for the central fiscal and service agencies is $2,815,000 for 1961-63 compared with $2,507,000 for 1959-61.

These agencies are charged with the internal management of state government in such areas as spending, construction, building maintenance, and personnel.

The Division of Budget and Comptroller is responsible for budgeting, supervision of spending by state agencies and maintenance of accounting books and other records. This division contains the Procurement section, which purchases supplies and materials for most state agencies and institutions. It also contains Planning and Construction, which develops the capital improvement budget and supervises construction for all agencies except those in the Capitol area and at the university and colleges. The Capitol group is under the jurisdiction of the Division of Public Buildings.

Administration of the State Merit System Law is the responsibility of the Personnel Division. The merit system program provides a system for hiring, retaining, and promoting employees on the basis of qualification. It is currently in effect for agencies employing some 10,000 of the state's 30,000 employees.

## Revenue Collections

The overwhelming majority of taxes, licenses and fees payable to the State are collected by the Department of Revenue, which has requested $12,765,000 for 1961-63 compared with an appropriation of $11,904,000 for 1959-61.

Missouri's revenue sources are varied and the Department of Revenue has a number of units responsible for collection of specific levies. There are, for example, units charged with the collection of sales, motor fuel, and income taxes, while other units handle collection of fees such as motor vehicles registration and driver's license. Collected funds are channeled through a central cashier's office and deposited with the State Treasurer.

The State Tax Commission is independently administered, but is set up as part of the Department of Revenue. The Commission has general supervision of property tax assessments, equalizes assessments among counties, and also assesses and audits the corporation franchise tax.

## 2.2¢ OF EACH STATE DOLLAR FOR .... Business, Agriculture & Labor

A number of divisions, commissions and boards -- situated within four State departments -- are engaged in providing the numerous government services to business, agriculture and labor. The total request for this group of agencies is $27,511,000 for the 1961-63 biennium compared with $28,836,000 for 1959-61.

The Department of Agriculture and its divisions are charged with the administration and enforcement of Missouri's agricultural laws. Regulation and administration in the agricultural field covers a wide variety of activities, ranging from livestock and crop marketing on the one hand to plant and animal disease control on the other, and including operation of the State Fair.

Services and regulations in the business field are provided by seven separate agencies, operating under the Department of Business and Administration for organizational purposes. The regulated areas are banking, insurance, savings and loan, public utilities, and boxing and wrestling matches, while the services include development of the state's mineral and water resources and promotion of Missouri's recreational and industrial advantages.

Services to labor fall within the jurisdiction of another group of agencies, lodged -- also for organizational purposes -- in the Department of Labor and Industrial Relations. The largest of these is Employment Security, a federally supported program that provides unemployment insurance and offers employment services. Other services include factory and mine inspection, mediation of labor disputes in cases involving utilities, and compensation for injured workmen.

More than a dozen boards -- independently administered within the Department of Education -- are charged with examining and licensing persons in fields that require professional or specialized training.

## 0.8¢ OF EACH STATE DOLLAR FOR .... State's Indebtedness

The request for 1961-63 to pay the state's indebtness is $9,476,000 against a 1959-61 appropriation of $13,177,000.

The largest amount of this money goes toward the interest and principal for the Second State Building Bonds, a 20 year bond issue authorized by Missouri voters in a 1956 bond election. Funds are set aside from General Revenue each year to meet the expenses of these bonds.

## 1.0¢ OF EACH STATE DOLLAR FOR.... Conservation & Recreation

Conservation and recreation programs are administered by two agencies, the Conservation Commission and State Park Board. The total request for conservation and recreation amounts to $13,020,000 for 1961-63 compared with an appropriation of $10,882,000 for 1959-61.

CONSERVATION - The Conservation Commission is responsible for the management, development, and regulation of the forest, bird, fish, game and other wildlife resources of the State. These responsibilities include such varied activities as fire protection and improvement of hunting and fishing facilities to the production of publications and movies to aid and inform the public. Commission funds are derived principally from the sale of hunting and fishing permits and from the federal government.

The Commission's request for 1961-63 is $11,250,000 compared with an appropriation of $9,302,000 for 1959-61.

PARKS - The State Park Board administers, develops and operates Missouri's 31 parks and three historical memorial shrines. An outdoor recreation program for park visitors is also a Park Board function.

The Board has requested an appropriation of $1,770,000 for 1961-63 compared with an appropriation of $1,580,000 for the 1959-61 biennium.

## 3.2¢ OF EACH STATE DOLLAR FOR.... Other Payments

Some $40,717,000 is requested for miscellaneous distributions, refunds, claims and contributions for the 1961-63 biennium against an appropriation of $39,059,000 for this purpose during 1959-61.

"Distributions" include money from certain taxes and other receipts that by law are turned over to local government for use on specific programs. The largest share of these distributions go to schools. Another important distribution is the County Aid Road program, in which money appropriated from General Revenue is allocated to counties for construction of roads in counties and special road districts.

"Contributions" are the amounts designated for the state employees retirement system and social security, while "claims" consist principally of expenses for workmen's compensation and certain costs of criminal cases. The largest item under "refunds" is to reimburse gasoline purchasers who paid the tax on motor fuel, but were exempt from the levy because their vehicles were not operated on public highways.

2.1¢ OF EACH STATE DOLLAR FOR....

# Capital Improvements

The Second State Building Bond issue provided some $75 million for capital improvement at state-operated schools, prisons, hospitals and other institutions. While this money has already been appropriated for various construction projects, some two million dollars that accrued in interest on the original $75 million is still available and will be appropriated for use during 1961-63.

Further capital improvement appropriations -- arising out of building needs for agencies and institutions -- will be made from General Revenue. Capital improvement appropriations for State agencies such as the Highway Patrol, Conservation Commission, Park Board and Employment Security are made from special funds. The 1961-63 request for all capital improvements is $26,048,000.

## Financing Capital Improvements

### PAY–AS–YOU–GO

Some $12,127,000 was appropriated by the General Assembly for pay-as-you-go capital construction during 1959-61. The recommended appropriation for capital building for 1961-63 is more than twice that amount or $26,048,000. This method of financing capital improvements enables the State to retain for its own use funds that would be paid out in interest under the bond issue method of financing.

### BOND ISSUE

The Second State Building Bond issue, authorized by Missouri voters in 1956, provided some $75 million to meet urgent construction needs of the State. While this money has been put to good use, the State must pay off that debt plus some $15 million in interest and other charges. Bond issue financing, consequently, is an expensive means of providing construction needs.

# STATE FUNDS

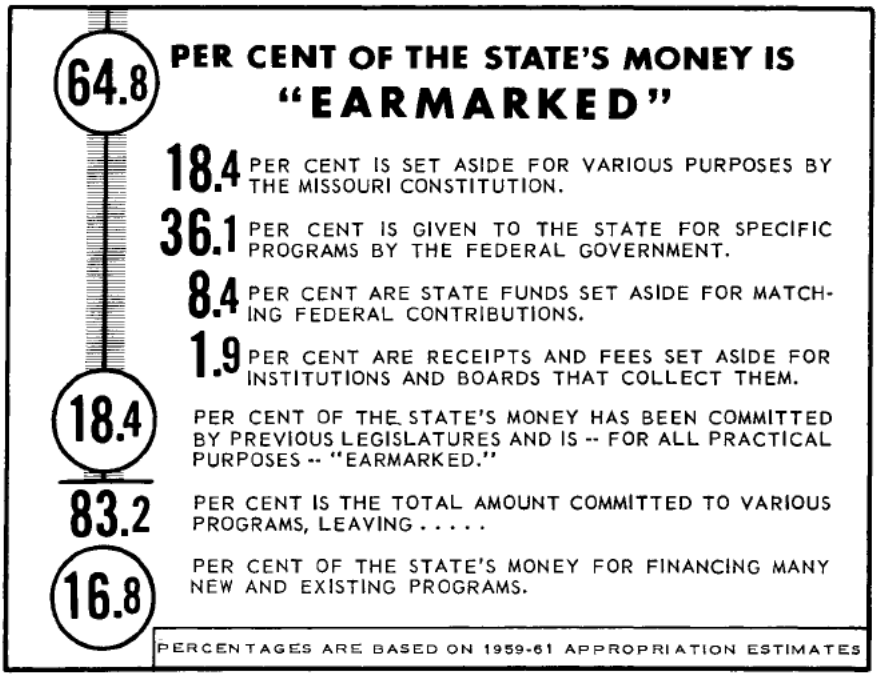
There are more than 100 separate funds into which State collections are placed, although some 80 per cent of the money goes into only six large funds.

Those six funds are General Revenue -- the largest of the group -- State School Moneys, Highway, Conservation, Unemployment Compensation, and Federal Welfare. Although more money is deposited in General Revenue each year than in any other fund, those deposits still represent only about 30 per cent of Missouri's annual receipts.

The remaining money is placed in a wide variety of funds, set up to assure that receipts are put aside or "earmarked" for specific activities and cannot be used for other purposes.

This practice serves its purpose, but it also sharply curtails the amount of money available to the General Assembly for many new or expanded government programs. Some 65 per cent of our revenues -- in fact -- are "earmarked" and cannot be directed to the other needs that face the State. Another 18.4 per cent of the revenue goes for local aid programs and other specified uses and, although controlled by the Legislature, are "earmarked" for all practical purposes.

That leaves the General Assembly with about 16.8 per cent of total revenues for financing many existing programs and new ones.

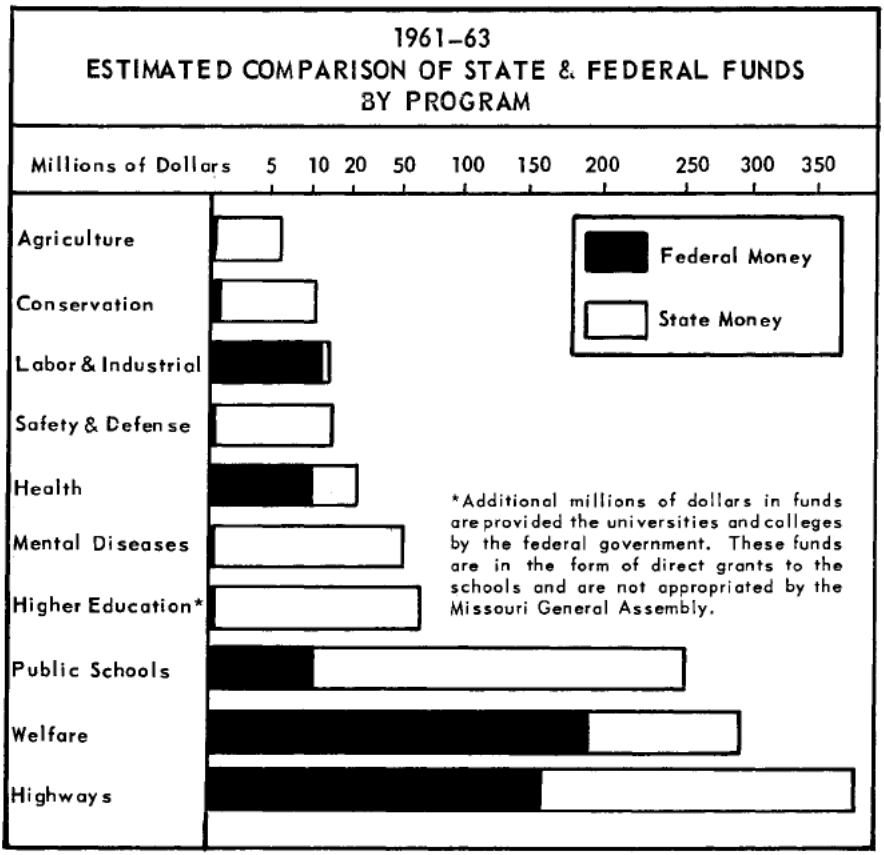

64.8
PER CENT OF THE STATE'S MONEY IS "EARMARKED"
18.4 PER CENT IS SET ASIDE FOR VARIOUS PURPOSES BY THE MISSOURI CONSTITUTION.
36.1 PER CENT IS GIVEN TO THE STATE FOR SPECIFIC PROGRAMS BY THE FEDERAL GOVERNMENT.
8.4 PER CENT ARE STATE FUNDS SET ASIDE FOR MATCHING FEDERAL CONTRIBUTIONS.
1.9 PER CENT ARE RECEIPTS AND FEES SET ASIDE FOR INSTITUTIONS AND BOARDS THAT COLLECT THEM.
18.4
PER CENT OF THE STATE'S MONEY HAS BEEN COMMITTED BY PREVIOUS LEGISLATURES AND IS -- FOR ALL PRACTICAL PURPOSES -- "EARMARKED."
83.2
PER CENT IS THE TOTAL AMOUNT COMMITTED TO VARIOUS PROGRAMS, LEAVING . . . . .
16.8
PER CENT OF THE STATE'S MONEY FOR FINANCING MANY NEW AND EXISTING PROGRAMS.
PERCENTAGES ARE BASED ON 1959-61 APPROPRIATION ESTIMATES

# FEDERAL AID TO THE STATE

The largest single source of income for Missouri – amounting to $400,302,000 or 35 per cent of the state budget during the 1959-61 biennium – came from the federal government. Current estimates place federal participation at $395,485,848 for 1961-63.

Federal contributions are made to assist State services in welfare, health, highways, education, unemployment, civil defense and agriculture. These payments will range, during 1961-63, from almost $188 million for various welfare programs to a little more than $25,000 for the Marketing Bureau in the State Department of Agriculture.

Some services – such as employment security – are fully financed by federal funds while others receive partial financing. The federal government pays about two-thirds of the cost of old age assistance, for example, and highway construction on inter-state system projects are financed with 90 per cent federal funds and 10 per cent State money.



# STATE AID TO LOCALITIES

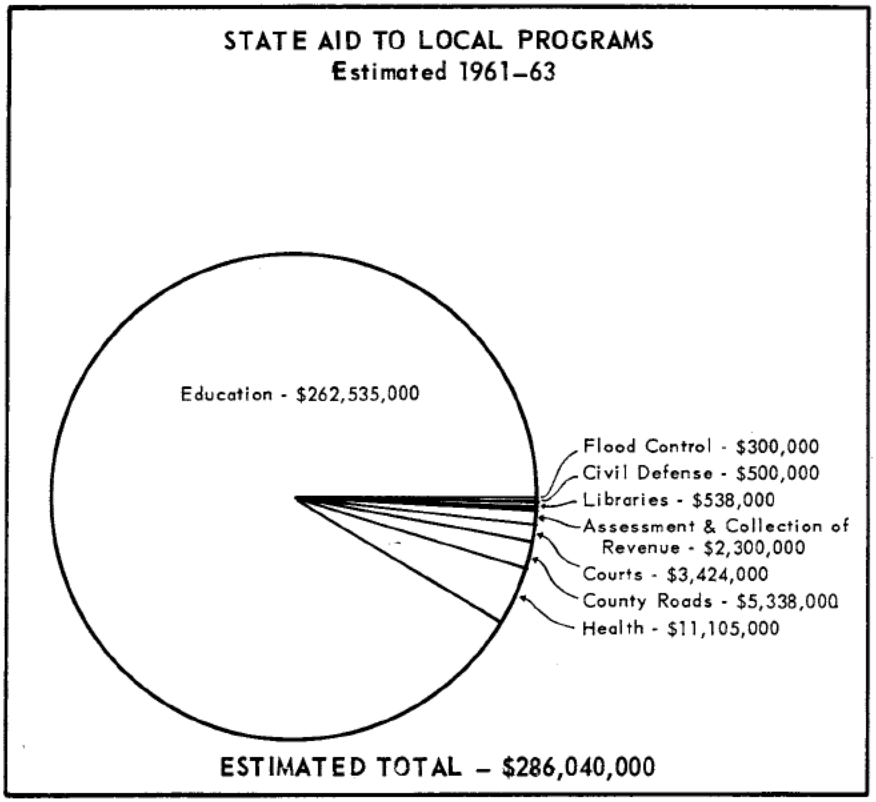
Some 20 per cent of State revenues, including money received from the federal government, goes to support local programs in Missouri.

Appropriations totaling $286,040,000 have been requested to assist localities during the 1961-63 biennium compared with 1959-61 appropriations amounting to $208,226,000.

The State assists local governments in a wide array of services, but the largest expenditures are for education. The 1961-63 request for the School Foundation program alone is $224,100,000 and other millions will be spent for such programs as school lunch, vocational education, and aid to reorganized school districts.

State money is directed to support programs in agriculture, health, public libraries, and hospital and county road construction. The County Aid Road appropriation request – for example – amounts to $ 5,339,000 for the coming biennium.

The collection of certain taxes and other receipts for distribution to localities is carried out by the State, which also bears magistrate court expenses and some costs in criminal cases.



# BUDGET SUMMARY

STATE OF MISSOURI